



News from

Office of the Attorney General
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Attorney General

Richard Blumenthal

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ATTORNEY GENERAL, CONSUMER PROTECTION ANNOUNCE \$14.5 MILLION SETTLEMENT WITH BANK AND DISCOUNT CLUB COMPANY

Attorney General Richard Blumenthal and Department of Consumer Protection (DCP) Commission Edwin R. Rodriguez today announced a \$14.5 million settlement with Chase Bank and Trilegiant Corp. for allegedly deceiving consumers into enrolling in membership clubs for discounts on car and home repair, shopping and other goods and services.

Chase and Trilegiant allegedly solicited consumers with “free” trial offers in membership programs, but failed to adequately inform consumers they would be charged automatically if they did not affirmatively cancel by a specified time.

In addition to restitution directly to potentially hundreds of consumers in Connecticut, state taxpayers will also receive \$572,539 from Trilegiant and \$175,000 from Chase under the 15-state settlement.

“Thousands of consumers unwittingly enrolled in discount club memberships – but only Trilegiant and Chase enjoyed the benefits,” Blumenthal said. “Most consumers never received the discounts – even after paying for them – because they didn’t know they were members. More than the money, this settlement is significant for its message: Deceitful business tactics don’t pay. Consumers should heed the lesson that a check in the mail may cost more than it’s worth.”

Rodriguez said, “Many Chase customers who had complaints against Trilegiant about unwanted memberships were frustrated by how easily the membership charges were automatically billed to their credit card accounts without their knowledge. Apparently, Chase had a hand in its customers’ pockets, with final approval over these solicitations in the first place.”

Attorneys general said the deceptive solicitations often included a check for a small amount of money – between \$2 and \$10 – which consumers often thought were rebates or rewards. However, by cashing the check, the consumer unknowingly agreed to pay for the membership program after the trial offer ended.

The solicitations were often included in consumers’ mortgage or credit card statements – or in mailings with Chase’s logo on the envelope or letterhead.

When consumers did not affirmatively cancel within the required time, Trilegiant automatically billed the membership fees to consumers' credit card or loan statement on either a monthly or yearly basis. Trilegiant continued to charge consumers repeatedly until they finally cancelled the membership. Many consumers belatedly discovered they had unwittingly purchased memberships in several different clubs.

The membership programs include AutoVantage Gold Service, AutoVantage Service, Buyers Advantage Service, CompleteHome Service, Just for Me, Pet Privileges Service, Shoppers Advantage Service and Travelers Advantage Service.

Under agreements between Chase and Trilegiant, Trilegiant gained access to Chase's customers in order to market the membership programs. Trilegiant used Chase's name, and Chase reviewed and approved marketing materials used by Trilegiant, the attorneys general said.

The settlement prohibits these practices in the future, and compels Trilegiant or any company that solicits Chase customers in a similar manner, to clearly disclose all terms of any "free trial," including when and how the customer will be billed for any membership – and how to cancel.

The settlement also forbids Chase and Trilegiant from using other deceptive marketing techniques, including claims that the solicitations are a "reward" or "rebate."

Consumers who enrolled in a Trilegiant club membership through any bank or other company – and who were first charged membership fees on or after July 1, 2001 – are eligible to receive restitution. Trilegiant must also send renewal notices to consumers who have active memberships, advising them that they have purchased a membership and how to cancel the membership, if they wish.

Joining Connecticut in the settlement are attorneys general from Alaska, California, Illinois, Iowa, Maine, Michigan, Missouri, New Jersey, North Carolina, Ohio, Oregon, Pennsylvania, Tennessee, Vermont and Washington.

Consumers unsure whether they unknowingly paid for a membership program should carefully scrutinize their credit card or mortgage statements, or contact Trilegiant electronically at www.trilegiant.com, or by mail at Trilegiant Corporation, 100 Connecticut Avenue, Norwalk, CT 06850, ATTN: K. Buonagurato.

Consumers should also monitor their mail for any notices from Trilegiant. Written complaints requesting restitution for unauthorized charges may be submitted to the Attorney General's Office, Consumer Assistance Unit, 110 Sherman St., Hartford, CT 06105.

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